

# ATLANTA ECONOMIC REVIEW

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BUREAU OF BUSINESS AND ECONOMIC RESEARCH

# THE ATLANTA ECONOMIC REVIEW

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## Authors and Articles

### DAVID J. SCHWARTZ

A recent survey discloses that the salesman's wife has a great deal of influence on her husband's success in his selling career. In conducting the study, Dr. Schwartz, whose current article is condensed from his research paper on the subject, questioned 125 sales executives in the Atlanta area. The study is a summary of their opinions on such items as extent of influence of the wife, her effect on voluntary termination, interviewing the wife, and other methods used to enlist the wife's cooperation.

Dr. Schwartz is Professor of Marketing, School of Business Administration of Georgia State College of Business Administration.

### ALBERT J. BOWS

Improving return on investment is a subject of appeal to all businessmen. Mr. Bows' article demonstrates the importance of the wise use of capital and points out several means by which capital represented in inventories, receivables, and fixed assets may be reduced—all to the profit of the company. Mr. Bows also stresses the use of capital invested as the basis of payment of personnel.

The author is Partner in Charge, Arthur Andersen & Co., Atlanta. His article is adapted from a talk made to the Controllers Institute in Atlanta in February 1960.

### ALLEN B. WILSON

Mr. Wilson, Assistant Treasurer of the Georgia Power Company, is outstanding as a management systems analyst in the field of utilities. In his contribution, "Methods and Management," to this month's *Management Forum* Mr. Wilson points out the moral responsibility of industry "to market the product to the ultimate consumer at the lowest possible cost commensurate with sound business principles." He discusses the need for, and problems involved in, improved methods, practices, and procedures to parallel growth in business and industry, and describes the advisory committee created in recent years by his company in an effort to solve some of these problems.

### ANTHONY STAMPOLIS

Dr. Stampolis' article on the War Labor Board describes the tripartite character of the Board and its predecessor, the National Defense Mediation Board; the advantages of three-fold group representation (public, management, and labor) in policy-making and other administrative processes in labor relations; and certain principles effected by the Boards which may be of a permanent nature or may influence future trends in the field of labor relations.

Dr. Stampolis is Professor of Political Economy, School of Business Administration of Georgia State College of Business Administration. As Staff Associate with the Governor's Commission on Economy and Reorganization in 1959, he was engaged in research in the area of independent state boards and commissions.

### CHARLES D. CUNNINGHAM

For some time the small, as well as the large, community has been in the race for new industry to bring about a well-balanced economy, boost its payrolls, and increase its revenues. The relative decline of agriculture as a means of subsistence has intensified this need, and wages for those who have left the farm must be provided by other business or industry.

Mr. Cunningham, a graduate student in city planning, suggests surveys as a useful tool for communities in their industrial development planning, and identifies some specific sources of help in the making of such surveys.

### WARREN A. WALKER

In this month's "Southeastern Corner" Mr. Walker gives the second in a series of discussions of industry potentials in the South. Last month he suggested the production of wood particle board. The current article names other industries whose raw materials would come from southern forests. These industries would also be market-oriented and would enjoy limited competition.

# ● THE SALESMAN'S WIFE

## Her Influence on His Selling Career

by  
David J. Schwartz

Motivation of salesmen is one of the most important as well as one of the the most difficult functions performed by sales executives. Motivation is important because, as a generalization, a high state of morale is essential to selling success. Motivation is difficult because, in any individual, numerous and complex psychological forces are at work.

Sales executives use many techniques to motivate salesmen. These range from attractive compensation arrangements to special, paid vacations for outstanding performances, and to the simple but infallible techniques of a sincere compliment.

But a salesman's degree of motivation is determined to a significant extent by forces over which the sales executive has little or no direct influence. Specifically, the home environment is believed by many to have a large impact on shaping the salesman's attitudes and determining his morale. As far back as there is history, philosophers have said, in effect: "Behind every successful man is a cooperative, understanding, inspiring wife."

The central purpose of this investigation<sup>1</sup> was to determine what sales executives feel is the relationship of the salesman's wife to his selling performance. A more definite objective was to learn what—if anything—can be done by the sales executive

to motivate a salesman's wife to motivate the salesman.

### The Salesman's Wife Is Influential

#### On The Salesman's Selling Performance

Ninety-one per cent of the executives responding to this survey stated that they feel the salesman's wife has considerable or very considerable influence over the salesman's performance. Of the 125 executives responding, none indicated that they feel the wife has very little, if any, influence (Table 1).

Table 1  
Opinions of Sales Executives Regarding Influence  
of Salesman's Wife on Salesman's Performance  
(Survey of 125 Atlanta sales executives)

Opinion	Respondents	
	Number	Per Cent
Very considerable influence	52	41.6
Considerable influence	62	49.6
Little influence	11	8.8
Very little, if any, influence	0	0.0

#### On The Salesman's Voluntary Termination

The exact influence of salesmen's wives on voluntary termination cannot be determined from the survey responses. However, it is probable that the salesman's wife is a principal factor in virtually all salesman turnover (Table 2). Sales executives who responded to the survey mentioned several factors as being very significant. These included "dislike of geographical location," "excessive travel," and "failure to provide sufficient encouragement."

Note: This article is an abridgment of the author's research paper, *The Relationship of the Salesman's Wife to the Salesman's Selling Performance*.

1 Questionnaires were mailed to 340 members of the Atlanta Sales Executives Club. One hundred and twenty-five executives, or 37 per cent, representing 31 different lines of business, completed and returned the questionnaire. All respondents except three managed or supervised outside (non-store) salesmen. Most questionnaires were comprehensively completed and contained frank, realistic answers.

**Table 2**  
**Extent to Which Wife Is Believed to Be**  
**A Factor in Salesman's Voluntary Termination**  
**(Survey of 125 Atlanta sales executives)**

	Respondents	
	Number	Per Cent
Wife is a factor	102	81.6
Wife is not a factor	16	12.8
No answer	7	5.6

One executive made this interesting comment:

Traveling, being away from home too much. That is something else again. The wife cannot have the cake just by itself. She must give in and sacrifice either income or having husband around more. That often depends on the individuals, their feelings and personalities. A good salesman must have a good wife that understands the problems of a salesman. Again, she cannot have everything.

Also significant was the impatience of many wives for higher incomes for their husbands. Commission arrangements whereby income is uncertain often lead to family disagreements and financial worry, which in turn contribute to termination.

Survey respondents gave the following (three or more times) as ways in which wives have been a factor in voluntary termination of salesmen:

1. Dissatisfied with income—wives often are impatient for more money. Objection to fluctuating income (commission payment).
2. Objected to travel.
3. Felt husband spent excessive time, after working hours, on necessary job details.
4. Objected to moving to a new location.
5. Failure on part of wife to provide encouragement.
6. Too demanding on husband's time.
7. Lack of steady routine, way of life.
8. Fear that husband was overworking.
9. Real or fancied cause for jealousy.
10. Wife not sold on selling as a career. Wife feels husband was in a deadend job. Feels it lacked sufficient prestige.
11. Wife became discouraged easily and passed this on to her husband.

#### **Many Sales Executives Interview Wives of Sales Applicants**

Of the executives who responded to this survey,

**Table 3**  
**Extent to which Sales Executives**  
**Interview Wives of Sales Applicants**  
**(Survey of 125 Atlanta sales executives)**

Frequency of Interviewing	Respondents	
	Number	Per Cent
Always	35	28
Never	50	40
Sometimes	40	32

60 per cent stated that they always or sometimes interview sales applicants' wives, while 40 per cent indicated applicants' wives are never interviewed (Table 3).

The survey results indicated that there are two broad reasons for interviewing the applicant's wife: to explain the sales job to the wife so that she will understand the good and bad features and to determine insofar as possible whether the wife will be an asset or a liability to her husband's career.

The comment was made several times that it is wise to be thoroughly honest in describing the sales position to the applicant's wife. If she appears to object strongly to certain aspects of the job, such as travel or irregular hours, it is better to cease negotiations with the individual than to take a chance on her ability to adjust to her husband's new schedule.

Several respondents also pointed out that the initial interview between the sales executive and the applicant's wife should cover all important aspects of the job. These include (1) compensation arrangements, (2) travel involved, (3) irregularity in working schedule, (4) probability of a move to a new location at some future date, and (5) opportunity for the salesman to advance.

An illustrative comment made by a sales executive in explaining why his company interviews sales applicants' wives is:

To find out how cooperative the wife is with the husband's ambition. To find out if the wife will really let him work or if she is going to want him at home for various family and social reasons at the expense of business. Very importantly, to find out how dominant the wife is because in almost every instance where the wife is very dominant, you will find the man to be sub-dominant. Certainly you can not have a man in any type of selling job whose wife is not behind him to the fullest.

The most common reason given for interviewing sales applicants' wives was "Will she object to travel?" This was followed closely by "To determine whether wife will encourage husband."

#### **Efforts are made To Win Wife's Enthusiasm**

Apparently a very significant majority of sales executives make a conscientious effort to develop enthusiasm in the salesman's wife toward his selling career (Table 4).

**Table 4**  
**Number and Per Cent of Survey Respondents That Attempt**  
**to Win Greater Enthusiasm for Selling from Salesman's Wife**  
**(Survey of 125 Atlanta sales executives)**

	Respondents	
	Number	Per Cent
Do make effort	92	73.6
Do not make effort	33	26.4



The nature of this effort is reflected in Table 5, which shows the variety of methods used to put the salesman's wife "on the team."

**Table 5**  
**Techniques Used to Develop Greater Enthusiasm**  
**Among Salesmen's Wives for Husbands' Careers**  
**(Survey of 125 Atlanta sales executives)**

Techniques	Number of Respondents
Contests	36
Letters, other mailings	27
Talks with wife	20
Informal dinners	13
Sales meetings, conventions	9
Informal visits	7
Trips	4
Banquets and luncheons	4
Special dinners	3
Group party	3
Special activities	2
Paid vacations	2
Sales bonus for wife	2
Christmas gift	2
Wife's Month sales campaign	1
Sweetheart Week—Valentine's Week	1
Hospitalization	1
Visits to plant	1
Scholarship for children	1
Annual report on husband's progress	1

#### **Activities To Which Wives of Salesmen Are Invited**

Wives of salesmen are invited to a number of activities, the chief ones being Christmas parties, picnics, company parties, and sales meetings (Table 6). These activities apparently are more of the "get together" type of meeting than they are direct attempts to influence the salesman's wife regarding the more specific aspects of his career. While many companies invite wives to sales meetings, the purpose of these meetings usually is not to "get the wife more enthusiastic about selling." Only 16 per cent of the respondents have held a sales meeting for the express purpose of "How To Get Your Wife More Enthusiastic About Selling."

From the answers given to the question, "Have you ever held a sales meeting devoted to the general subject of How To Get Your Wife More Enthusiastic About Selling," we can conclude that most sales managers prefer to take an indirect approach to winning the support of the salesman's wife. Several sales executives suggested that the direct approach of specifically outlining what the wife should do is inappropriate and perhaps ill-considered.

#### **Suggestions for Helping Salesman Become More Productive Working Through the Salesman's Wife**

Eighty per cent of the sales executives responding to this survey volunteered advice, much of which appears quite helpful, for helping salesmen become

more productive working through the salesman's wife. Many of the answers to this question were quite lengthy, indicating a sincere interest in this general area. Two typical remarks are:

Many wives are still influenced by the wild tales of "Salesmen Away From Home." So never jest along these lines. Rather, point out the opposite picture. Let wives understand the job requirements and enlist her efforts as to—dress, habits, mannerisms, grammar, etc. Quite often we instruct the wife on how to talk to customers on telephone, etc.

In our business a man's wife can "make or break" a man's career. Personal discussions between sales manager and the salesman with his wife in a relaxed atmosphere are a big help.

Some of the suggestions made are listed below.

1. Do not hire a man if you feel his wife will be unhappy if he travels extensively.
2. Keep her inspired—she is as important to his success as anyone associated with him.
3. Get together with salesman and his wife as often as possible. (This applies to salesmen not located in headquarters city.)
4. Do not keep men in the field for longer than one week at the time.
5. Keep wife advised of husband's successes and accomplishments.
6. Make wife feel she is part of the family.
7. Let her know how much you appreciate the sacrifices she must make.
8. Invite wives to sales meetings occasionally.
9. Offer special incentives that will benefit the entire family.
10. Get information about company (house organs, etc.) into the home.
11. If the salesman's wife, on a pre-hiring interview, is not enthusiastic after she learns the true nature of the business, don't hire the man!

#### **Some Executives Are Opposed to Contacting Wife**

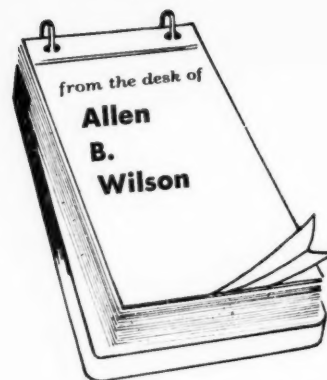
Not all sales executives are sold on the idea of working through the salesman's wife to increase the salesman's performance. While most sales executives feel that much can be gained by an intelligent relationship between the sales executive and the salesman's wife, some (in the minority) feel that the home is out of bounds insofar as they are concerned.

One executive stated it this way:

We don't hire, or keep, salesmen who can't manage at home—with or without "wife help." We believe most wives (and husbands) resent direct efforts on the part of "the boss" to boss the salesman's wife. Aids in "wife help" must go through salesman-to-wife-and-back—not directly from management to wife. Every man likes to think he is at least boss at home; and wives expect others to respect this situation. In cases where salesman and wife have indicated a desire for management to assist in "at home" activities, we have, of course, given advice as to how she can best help him, being careful to keep it on a basis of helping him—not us.

# THE MANAGEMENT FORUM

## *Methods and Management*



It has been said that man is the product of his convictions. He does what he is convinced is right, and he doesn't do, ordinarily, that which he is convinced is wrong. The tragedy is that so often a man is convinced he is right, when he is dead wrong.

A man's convictions are, or at least should be, of vital concern to the management of the company by whom he is employed. Obviously, a stalwart being, with a wholesome concept of life based upon a foundation of strong moral convictions, is an asset to any organization.

Isn't it sometimes strange how a person happens to acquire a conviction? For example, years ago a definition of golf was read which obviously was intended to be ludicrous or absurd but which, to the contrary, embodied a profound principle—at least to me. The definition was that golf is a game of sport in which a human being with a club standing on a sphere approximately 8,000 miles in diameter strikes another sphere approximately  $1\frac{1}{4}$  inches in diameter, attempting to sink the latter into a cup four inches in diameter in the fewest number of strokes. The diametrical dimensions of neither the earth, nor the golf ball, nor the cup have been verified. They are unimportant for the moment.

The important point to me in this illustration is that the person who rendered that definition of golf did some real objective thinking. He detached himself not only from the golf course, where the game is played, but from the earth, the only planet I know of upon which the game is played, and he projected himself into outer space from which he viewed the problem—and golf is a problem to most of us—and from that mental vantage point he saw a person standing on a larger sphere with a club attempting to strike a smaller sphere.

Call it objective thinking, or detached thinking, or projected thinking, or whatever you will; but, regardless of terminology, I am convinced there is a great need in our industry today for the type of thinking illustrated by this simple analogy. You

need to detach yourself from the forest and view the trees. Our managements have had to do that type of thinking, particularly in this postwar era of phenomenal growth, in solving the problems thrust upon us. The purpose of this presentation is to discuss a way by which the methods, practices, and procedures employed in our economy in marketing our diversified products can be improved. This is more of a problem today than in the entire business history of the United States, and following are some of the reasons:

1. There is a dearth of qualified personnel in industry who is capable of advanced methods technology.
2. The typical business firm has grown significantly in size in postwar years, if not doubled, or tripled.
3. As this typical operating company has grown, its executives have become farther and farther removed from the minutiae of operations. Theirs has become the uppermost strata of management, where legal, technical, and administrative decisions are made, and where company policies are formulated. Intimacy with details, or the system employed in the administration therefore, is undesirable, even if attainable, because management should not becloud decisions therewith.
4. Departments long since have been organized in this typical company, with a delicate equilibrium of authority and responsibility delegated to the department heads to administer the details. However, as the departments have grown, the more sovereign they have tended to become. Hence, horizontal communication between departments has gradually diminished as the size of the company has increased.
5. Since this typical company has become much larger, it has become increasingly difficult for the management to foster, encourage, and engender interdepartmental cooperation and collaboration, even in the areas of mutual interest and concern. Consequently, commendable developments in methods, practices, and procedures, particularly when affecting more than one department, are not adopted—and the reasons therefor are various.

Equal initiative does not exist at the same time among all the department heads of a company. Nor does it forego that a leader will emerge therefrom and press for the adoption of a system that would be beneficial to a company. And the vehicle does not exist, ordinarily, whereby suggested system reforms and refinements may be readily transported to the conference table of management.

A company, then, can fail to keep abreast of the current trends and developments in the industry. Failure in this, obviously, precludes that such a company will contribute to the advancement of the

Note: The Management Forum series is arranged by Dr. Francis J. Bridges, Department of Management, School of Business Administration of Georgia State College of Business Administration.

technology of the industry. Instead, and let's admit it, that company becomes a parasitical and ineffective member of the society it professes and portends to preserve.

Management does have a moral responsibility—company-wise, industry-wise, and nation-wide—to develop further and refine the art of marketing its product. To market their product to the ultimate consumer at the lowest possible cost commensurate with sound business principles has long been the stated aim of most industries.

Approximately two years ago the management of my company further sought to discharge this moral obligation by creating an advisory committee under its direct supervision, which committee is charged with the responsibility of reviewing all present practices and procedures of the company and of recommending those changes and improvements deemed appropriate. Even though strictly advisory in nature and without authority, in order to function properly such a committee must have the official sanction of all the general officers of the company, including the president, and the support which such sanction implies. Also, department heads should be apprised of the existence of such a committee, and the importance of their cooperation therewith strongly stressed by the management of the company.

Some of the operating details of the committee may prove of interest. First, membership is limited to a maximum of fifteen to avoid unwieldiness. The members represent a cross section of the company, with a maximum age of forty-five or fifty and with a minimum length of service of at least five years as prerequisites of membership. Tenure is for three years, with a staggered rotation of five members each year to retain an experienced residue at all times, and to afford the opportunity to as many as possible. Obviously, personnel with potential should be selected.

Upon the formation of such a committee, immediate results should be neither anticipated nor urged. The committee should proceed with caution and utmost discretion. Highly controversial questions should be avoided until the committee is rather widely accepted and, therefore, firmly established.

However, various benefits should accrue to management if such an advisory committee is properly administered:

1. First and foremost, a fine camaraderie will develop between and among the committee members. As time lapses and present and former members assume more responsible positions, these relationships should lead to greater interdepartmental cooperation and collaboration in the interest of the company.
2. A wealth of specialized knowledge concerning the subjects discussed will be imparted by various members with a tremendous broadening effect upon the group.
3. New ideas will be generated and other ideas evaluated that may be used to create new, or strengthen present, practices and procedures.
4. The committee will help establish the concept that change is normal and that methods and practices

should be revised whenever improvements can be attained to meet changes in conditions.

5. Direct vertical communication between the committee and top management will prove invaluable. Projects involving several departments will be submitted for their approval which otherwise might be shelved for the lack of initiative by any one of the departments concerned.

Time does not permit a detailed discussion of the deliberations of the committee. Monthly meetings are held and numerous subjects have been discussed. However, there is one project that has been officially adopted upon the recommendation of the committee which may be of general interest.

Approximately six months ago approval was obtained from management to conduct a Methods and Procedures Clinic within the company. Tentative plans envision an 80-hour course, with approximately 25 enrollees, meeting weekly for a two-hour session on company time.

Since a tailor-made course was not available that would meet our requirements, it was necessary to employ an educator-consultant to develop the curriculum for this course to our specifications. Following is a list of the general subject areas to be covered.

- The relationship of methods and procedures to company objective, policies, and organization structure
- The importance of the human element in methods and procedures work
- Some results of methods studies
- Suggested approaches to methods improvements
- Work simplification—its basic philosophy
- Multi-dimensional thinking—a "must" for methods improvement
- Creative thinking
- Charts and their uses in methods improvement
- Principles of motion economy
- Principles of physical layout
- Selecting the job or procedure to be improved
- Recording and analyzing the job details
- Developing an improved method
- Installing the new method
- Standard operating procedures
- Guided applications of method improvement techniques
- Employment of machines and equipment to improve methods and procedures
- Forms design
- Report and analysis of individual method improvement projects

Perhaps any speculation concerning this methods course is premature, but let it be said at the outset that radical results are not anticipated. Some tangible results are expected and there should be a return on the investment, which per employee trained will be less than \$250. However, sufficient intangible results should be realized to justify the expenditure.

The interest manifested in the employee, by training him to excel at his present job and by equipping him to assume a more responsible position, should of itself reap some return. The knowledge imparted through group discussion of individual methods projects, which will be developed by each member of the course, should be highly beneficial and educational. And, if nothing else, the creation of an atmosphere that will be conducive to system changes will assist materially in overcoming rampant human inertia.



# THE NATIONAL WAR LABOR BOARD

## An Experiment in Policy-Making by a Tripartite Agency

by  
Anthony Stampolis

The first half of the twentieth century revealed a marked acceleration of the tempo of social and economic change. The tremendous growth of trade-union institutions was one feature of the social transformation in America. With the growth of trade-unions and collective bargaining there developed the need for social controls in the field of industrial relations—as in so many other fields of modern man's behavior. The methods by which and the extent to which this social control is to be applied constitute the crucial problems.

In examining the methods by which the social control of industrial relations may be achieved, the late Professor Sumner Slichter observed:

The process of controlling industrial relations must obviously be a mixture—it will be based partly upon codes and customs and partly upon laws. The process of negotiating trade agreements, the terms of trade agreements, and the conduct of arbitrations are areas where, for the time being at least, social control will be accomplished in the main by informal methods rather than by legislation. . . .

In considerable measure, however, the control of industrial relations will take the form of law—partly case law but especially legislation. Laws regulating industrial relations will be developed for the same reason that they have been developed in other fields of economic activity—because events are moving too fast to permit the community to develop ethical codes and customs fast enough to meet its problems. . . . The usual sequence found in history has been in substantial measure reversed. Instead of customs producing laws, laws are producing customs.

Reliance upon law as a method of social control in industrial relations will be enhanced by the individualistic traditions of the country. Both employers and trade unions retain this tradition. The individualism of America reduces the capacity of employers and trade unions to develop accepted informal rules of conduct. Furthermore, the individualistic tradition often makes members of the community unwilling to observe restrictions which are not backed by stronger sanctions than mere public disapproval. It is a paradox that the very aversion of Americans to controls forces the development of stronger controls, at least as far as sanctions are concerned, than are developed in less individualistic countries. . . .<sup>1</sup>

<sup>1</sup> Sumner H. Slichter, "The Social Control of Industrial Relations." An address before the Industrial Relations Research Association in New York, December 30, 1949. Published in *Proceedings of Second Annual Meeting Industrial Relations Research Association*.



With the increase in social control of modern life, the role of government in the operation of the American economy has become a more prominent one. This has been particularly evident in the past three decades, which have seen a proliferation of administrative agencies. Some of these agencies have dealt with various aspects of industrial relations. The most significant of these agencies are the National Labor Relations Board and the National War Labor Board. Professor Carl J. Friedrich referred to the NLRB among the examples he gave "to show that occupational groups are beginning to play a role in the American governmental process, just as they have been doing in other highly industrialized countries." The NWLB, created shortly afterwards, exemplified this tendency even better, because of its explicitly tripartite organization. Professor Friedrich concluded:

Perhaps this approach is more promising than the one comprised under the formula of "legalizing the lobby." It is not so much a question of giving a legal status to these pressure groups as it is a matter of transforming them from mere pressure groups in their relation to the government and the general public into groups taking an active part and a measure of responsibility in the conduct of modern administration.

... the interrelation of government and modern industrial life, and more particularly the question of the government's effective mediation between employers and employees, between capital and labor, is generally felt to be the touchstone of contemporary political systems. The genuine representative significance of all organizations arising in connection with men's activities within the total context of modern industrial life has become sufficiently apparent to make it necessary to reckon with them as pretenders to the throne of government. ... Constitutional governments of the established kind have seen a widespread movement for the participation of all kinds of occupational and professional groups in the administration of that part of national life in which they happen to be particularly concerned. Such participation saddles the administration internally with all those conflicts which it is supposed to mediate. Whether it can stand the strain, remains to be seen. Functional representative devices must be considered with great care; they tend to have a divisive, rather than an integrating, effect. The task remains of conflicting special interest which constitutes part of the whole. But it looks as if functional representative devices are here to stay as elements in any pattern of constitutionalism under modern industrial conditions.<sup>2</sup>

The postwar period, with its upward spiral of prices and wages after wartime controls were dropped, brought an increased public awareness of the need for a reappraisal of the nation's labor policy. The passage of the Taft-Hartley Act in 1947 was an expression of this public concern. That this trend has continued is apparent by the enactment September 14, 1959, of the Labor-Management Reporting and Disclosure Act, which received its impetus from the disclosures of the McClellan Committee hearings

on "Improper Activities in the Labor and Management Field." Professor John T. Dunlop summarized the postwar situation as follows:

The country stands at a fork in the road on labor policy. One road would determine most matters of industrial relations by resort to political processes; the other road would confine political processes to the fairly narrow area of fixing a few matters of framework. These rules would be fairly generally accepted by the diverse groups within the community and would be changed only slowly after careful impartial study. ...

Starting from the cornerstone of collective bargaining a national labor policy should have these three elements; (1) A system for guaranteeing essential civil liberties within labor unions. ...

(2) ... national system of dispute settlement in which labor and industry assume more responsibility on an industry and locality basis. ...

(3) ... re-establishment of an advisory group representative of the top leaders of American agriculture, industry and labor.<sup>3</sup>

The trend in national policy continues to be that of moving farther away from *laissez faire* toward greater control of industrial relations through administrative agencies. It is particularly important, therefore, to understand the administrative process—both its strengths and its weaknesses. The wartime period offers the extreme case of a degree of government control which no interest group advocates for peacetime needs. It provides an historical laboratory for examining the administrative process at a degree of regulation and control well beyond peacetime tendencies, thus highlighting the administrative problems confronting the nation.

The National War Labor Board experiences cast considerable light on the elements of a national labor policy, particularly the second and third factors as listed by Professor Dunlop. Through an analysis of the NWLB's administrative policy-making with regard to union security cases, this study will review the national level of NWLB's operations. The decision-making and administration process in the War Labor Board will be studied by an analysis of the maintenance-of-membership issue, the most significant of the non-wage dispute issues. The "step by step additions to the original maintenance of membership provision ... have been typical of the Board's pragmatic approach to labor problems ...," according to Mr. Lloyd Garrison.

#### THE ADMINISTRATIVE POLICY-MAKING PROCESS

The urgency of the task of establishing a public labor policy to aid defense and, later, war production and of getting the special interest groups, management and labor, to help construct and abide by it, resulted in the creation of tripartite agencies—the National Defense Mediation Board and its successor,

<sup>2</sup> Carl J. Friedrich, *Constitutional Government and Democracy* (Boston: Little, Brown and Company, 1941), pp. 534-535. Quoted with permission Ginn and Company, Boston.

<sup>3</sup> John T. Dunlop, "A National Labor Policy," *Saving American Capitalism*, Seymour Harris, ed. (New York: Alfred A. Knopf, Inc., 1949), pp. 307-308.

the National War Labor Board. The tripartite character of these boards evoked the criticism that they could be better instrumentalities if industry and labor spokesmen were eliminated and the boards were composed solely of public members, similar to the NLRB. The inclusion of pressure groups on a labor board result, it was argued, in an anomalous organization, for the industry and labor members might nullify public policy by outvoting the public members. The procedural objection was made, furthermore, that these special interest groups argue before themselves, taking the dual roles of judges and litigants, rather than confining themselves exclusively to their actual roles of litigants. A brief survey of the key issue of union security and of how the NDMB and the NWLB evolved a public policy on this issue will reveal the advantages as well as the hazards of such direct participation by pressure groups.

"To avoid strikes, stoppage and lockouts" in industries "engaged in production or transportation of materials essential for national defense," President Roosevelt on March 19, 1941, created by Executive Order the National Defense Mediation Board. It was set up as tripartite body with four representatives each of the public, management, and labor. The Secretary of Labor certified to the Board disputes which the U. S. Conciliation Service failed to resolve. These disputes could be adjusted by direct agreement, by submission to voluntary arbitration, or, as a final measure, by investigations with publication of the findings.

Though the NDMB could not enforce its own recommendations, the emergency powers of the government to take over and operate the plants in cases of noncompliance were utilized when necessary, as proved to be the case, to cite some instances, with North American Aviation Co., Federal Shipbuilding & Dry Dock Co., and Air Associates.<sup>4</sup>

The issue of union security proved fatal to the NDMB. In the West Coast shipbuilding yards of the Bethlehem Steel Corporation, the NDMB ordered a closed shop, which all the other companies in that area had already granted voluntarily. In the Snoqualmie Falls case, certified to the NDMB on April 1, 1941, the first maintenance-of-membership clause was ordered and accepted.<sup>5</sup> The International Union ordered the employees of North American Aviation Co. in southern California back to work when they went out on strike, and placed the local union in receivership. The Board ordered a maintenance-of-membership clause on the grounds that the local union had been shattered and it would thus aid the In-

ternational Union in its attempts to rebuild a strong local union. In the Western Cartridge Co. case, a maintenance-of-membership clause was granted because of extreme management hostility to the union.

Through such a series of decisions as mentioned above, a maintenance-of-membership provision was evolved as a policy of the NDMB. The refusal to accept this provision by management in one case as being a "closed shop" and by the union in another case which wanted a "closed shop" brought about the demise of the NDMB. In the Federal Shipbuilding & Dry Dock Corporation, a subsidiary of the U. S. Steel Corporation, expansion of employment was so rapid that the union was anxious to have a union shop because it felt it could not be organizing continuously. When a maintenance-of-membership clause was granted, management refused to comply. Though the Navy took over the plant for a time, no agreement was reached until some months later when the NWLB ordered a maintenance-of-membership provision and then the company complied.

When the United Mine Workers of America demanded a closed shop provision for the "captive mines" operated by steel companies, the NDMB by a vote of ten to two, CIO members dissenting, denied it, granting instead a maintenance-of-membership clause. The union struck against the decision. Having organized 95 per cent of the "captive mine" workers, the union believed it had the economic strength to strike and secure the closed shop. At the end of World War I the "captive mines" had been the opening wedge in an antiunion drive. On November 13, 1941, the two CIO members resigned from the NDMB, and thereafter the CIO refused to take any disputes to the NDMB for consideration, thus making the Board ineffective. A board of arbitrators awarded a union shop to the UMW-CIO in December 1941.

A conference of representatives of management and labor, which met December 17-23, 1941, at the call of President Roosevelt, consisted of twelve representatives of management, six each of the AFL and the CIO, with William H. Davis, then chairman of the NDMB, as moderator, and Senator Elbert Thomas of Utah, then chairman of the Senate Education and Labor Committee, as assistant moderator. The conference reached a deadlock because of failure to agree to any formula on union security. The deadlock was finally broken by President Roosevelt's intervention. On the 24th of December the President announced the main points of the formula agreed upon: a no-strike, no-lockout policy for the duration, disputes to be settled by peaceful means with the appropriate machinery set up by the President.

On January 12, 1942, President Roosevelt issued Executive Order 9017 establishing the National War Labor Board with the authority to "finally determine" through "mediation, voluntary arbitration, or arbitration" any labor dispute affecting the war effort. Union security, wage and other industrial re-

<sup>4</sup> For NDMB cases, see *Report on the Work of the National Defense Mediation Board*, Bulletin No. 714, U. S. Department of Labor, 1942.

<sup>5</sup> Maintenance of membership is a type of union security agreement which does not compel anyone to become a union member but does require all who are or become members to remain such as a condition of employment for the duration of the agreement. Frequently an escape clause is included. This provides for a period, usually 15 to 30 days, during which union employees who wish to do so may withdraw from membership without their employment rights being affected.

lations issues were dealt with by the NWLB only when a case was certified to it after a failure by the U. S. Conciliation Service to effectuate a settlement. The Board consisted of four representatives each of the public, management, and labor appointed by the President.

On the issue of union security, the NWLB was undoubtedly influenced by the discussions and the decisions of the NDMB, particularly since there was a partial carry-over of membership from the NDMB. It is difficult to determine, however, to what extent the influence was direct and to what extent it was simply the response of the NWLB to similar social and economic pressures in the molding of a maintenance-of-membership, union security policy. Mr. Graham, a public member of both boards, concluded:

In these decisions for maintenance-of-membership instead of for either the open shop or the union shop by government compulsion, the old Board foreshadowed the stand of the new Board against the disintegration of organized labor and against the monopoly of organized labor by the sanctions and force of the government during the war.

This provision survived the sacrificial death of the old Board and became the policy of the new Board. This policy, in providing an equitable basis for the stabilization of the unions, became a vital industrial and human factor in the decisive American production for winning the global war. On nothing less than national necessity and industrial equity was founded the maintenance-of-membership policy of the National War Labor Board.<sup>6</sup>

#### ADMINISTRATIVE SUB-LEGISLATING POWERS

In the process of administering the President's Executive Order 9017 and later orders pertaining to its functions as well as to those aspects of the War Labor Disputes Act affecting it, the NWLB formulated certain policies of a quasi-legislative or sub-legislative nature. Among these policies was the development of the maintenance-of-membership clause in dealing with the union security issue. An appraisal of the decisions and opinions of the Board on the union security issue reveals certain limits its members set on the use and interpretation of their sub-legislative powers.

The labor and management representatives of the Board ranged in their attitudes from attempts to claim extreme limitations on the functions and powers of the Board (and thus keep it in a narrow sphere of action) to opposite attempts to claim maximum powers for the Board's actions. The position taken depended to a great extent on how partisan interests were affected. The employer members, for example, were reluctant to concede that the Board had the power to direct a company with an open shop to institute a maintenance-of-membership policy, claiming it to be a matter for Congress to

determine by statute; while the labor members, on the other hand, desired the Board to direct a union shop in a similar situation. Employer members also proposed that the Board require certain financial, organizational, and even political criteria to be complied with by unions granted maintenance-of-membership provisions.

Though the labor members opposed such employer members' suggestions, they did go along with the Board's scrutiny of union constitutions and bylaws to determine whether or not a union was responsible enough to warrant its being granted a maintenance-of-membership provision. The labor members even went along with a Board order, thus making it unanimous, requiring unions granted the standard maintenance-of-membership provision to make such amendments to their constitutions and bylaws as were necessary to facilitate withdrawals by those union members desiring to take advantage of the fifteen-day escape period. This meant that the labor members acquiesced in a government agency's assuming the burden of amending in certain matters union charters and bylaws.

The public members of the Board actually determined the limits of its administrative sub-legislating. They did so, however, under the pressure of having to secure the maximum degree of consent of employer and labor members to promote a truly effective administration of their tripartite agency. Employers and workers, fortunately, overwhelmingly complied with the price and wage controls and with the manpower and raw material restrictions and allocations so essential in wartime. The mere score of plants that had to be seized by the government for noncompliance and the relatively small man-day work loss (about one tenth of one per cent of the total man-days worked) because of strikes bears testimony to this.

The public members of the Board, respecting the President's limitation that the government would not as a condition of employment compel any man to join a union, opposed ordering a company having an open-shop policy to institute a union shop. They did, however, go along with the labor members in ordering the renewal of union-shop provisions. The standard maintenance-of-membership provision resulted from the public members' partly going along with the labor members in granting some increase in union security though accepting the employer members' proposal for an "escape" clause, and by their conceding the need for only a moderate scrutiny of a union's documents to determine its degree of responsibility.

In addition to the degree of consent of the Board members themselves, the limits to the degree of administrative sub-legislating involved the degree of consent of the interest groups they represented; the power of appointment or recall of the members; the power of the President to issue executive orders defining or changing policy; and the Congressional

<sup>6</sup> Frank P. Graham. "The Union Maintenance Policy of the War Labor Board," *Yearbook of American Labor*, Vol. 1, *War Labor Policies*, p. 149.



statutory power. "The definitive opinion," according to Mr. Graham, "on the legality of the Board's authority to order this provision was written by the Board's then General Counsel, Lloyd K. Garrison . . . ." It was not issued until August 20, 1943, two months after Congress passed the War Labor Disputes Act, known as the Smith-Connally Act, granting statutory recognition of the President's executive order which had established the Board. "Furthermore, the only time the proposal to forbid the War Labor Board to order a maintenance-of-membership provision came before the House of Representatives for a direct vote, the proposal was voted down by the overwhelming majority of 204 to 73."

The War Labor Board offers a particularly good example for analysis of the novel feature of a tripartite agency's administrative process. The NWLB was, furthermore, to a considerable extent, decentralized in its operations. The relationships between policy making and administration at its various levels are, therefore, particularly important.

The progress of democratic institutions in America, as in many other countries, has depended to a considerable extent on how felicitous an adjustment was made between the need for some uniformity of policy through centralized control and the need for a "grass roots" local responsibility based on an intimate knowledge of its own requirements. This progress is also based on the success in reconciling interest group representation with the common welfare. That some degree of success can be obtained is based in great part on the fact that the former usually represents citizens operating as pressure groups in their roles as producers, while the latter represents the same citizens in a less-differentiated mass, involving them in roles not only as producers, but also as consumers and as defenders of their country and its institutions.

The NWLB was an interesting experimental attempt to solve these problems in a democratic, efficient fashion under the terrific pressure of a war crisis. On the one hand, it achieved the necessarily centralized determination of policy through its National Board including its relations with the President and Congress; on the other hand, it was able to take advantage of local and regional experience through its regional boards, which, moreover, performed the greater part of the work.

The NWLB made effective use of interest group representatives, through its tripartite setup, to achieve a communal goal. The direct representatives of labor and industry on the National and Regional Boards and Panels had the confidence of the groups they represented, at the same time being charged with the obligation as government employees to work for the common interest. The tripartite nature of the NWLB extended to regional and local levels as

well as being on the national level. This enabled local partisans of industry and labor to gain greater insights into each other's problems and into the needs of their communities.

## CONSEQUENCES OF THE NATIONAL WAR LABOR BOARD RECORD

What is the heritage left by the National War Labor Board? First, on postwar industrial relations there is the continued effect from the sheer weight of the huge number of decisions. The old Taft-Walsh War Labor Board, in its sixteen months of existence until August 1919, considered 1,251 cases involving three-quarters of a million employees, making wage awards in 490 of these cases. The NWLB in its four years of operation handled many times this number. Its Wage Stabilization Division processed about half a million cases involving over ten million employees and awarded maintenance-of-membership provisions affecting about three million of them.

Dean Lloyd K. Garrison listed the following principles and methods developed by the War Labor Board which he felt would make a permanent contribution to the field of labor relations:

- (1) The voluntary maintenance of membership clauses which have worked out, standing mid-way between the open shop and the union or closed shop.
- (2) The development of concepts of union responsibility in connection with the application, withholding or withdrawal of maintenance of membership clauses.
- (3) The special attention directed to the social necessity of correcting substandards of living.
- (4) The requirement of equal pay for equal work, regardless of race, color, creed, or sex.
- (5) The recognition of arbitration as the needed last step in adequate grievance procedures.
- (6) The firmly established principle . . . that governmental commitments and decisions will not be made in the cases of unions while strikes called by them are in progress.
- (7) The realization that carefully defined job classifications and intelligible and well-balanced wage rate schedules are needed not only for good labor relations but for efficient production.
- (8) The compilation and availability of masses of accurate information about the specific wage rates actually being paid for particular key occupations in particular labor market areas—a type of information which, if kept up as it surely should be in the post-war world, should markedly facilitate the setting of wage rates by collective bargaining.
- (9) Last but not least—perhaps foremost of all—the spreading experience, through the National and Regional Boards and panels, in the tripartite method of settling controversies and evolving policies—a method which, by bringing together around the table representatives of industry, labor and the public, and charging them with equal responsibility for carrying out the conclusions once arrived at, embodies the essence of our democratic wisdom.<sup>8</sup>

<sup>8</sup> "The Impact of the War on Labor Relations," an address by Lloyd K. Garrison, then alternate Public Member of the NWLB, before the Industrial Relations Association of Wisconsin in Milwaukee, Jan. 12, 1944. Published in *The Termination Report of the National War Labor Board*, Vol. II, p. 527.

<sup>7</sup> *Ibid.*, p. 152.



The tripartite character of the NWLB accentuated the effect of the area of consent in the administrative process arrived at by the representatives of the various interest groups involved. The case-by-case development of policies and the strength of these policies when presented as a *fait accompli*, due to the pressing need for compromise and agreement in a relatively short period of time, resulted in both a high degree of acceptance by the management and labor interest groups and an integration of the new practices with the old. Thus the pressure for union leaders to secure and management to grant monetary and nonmonetary practices, such as union security, seniority, shift differentials, call-in pay, vacation pay, insurance benefits, and pay for unworked holidays, all conveniently viewed by the NWLB within certain limits as "non-inflationary" and often ordered in dispute cases on the basis of industry or area practice, resulted in more inclusive collective bargaining agreements.

Some of the practices can be viewed as partly or wholly transitory in form, others as more permanent practices. Some maintenance-of-membership clauses were dropped, but many were changed to union shop ones within the limits permitted by the Taft-Hartley Law. Certain practices, such as call-in pay, while costing management very little, prevent many grievances by providing more consideration for employees, and thus increase to some extent productive

efficiency. Other practices, such as insurance benefit plans, which were secured by union representatives, often with an absence of enthusiasm on the part of the rank and file because of the restriction of wage-rate increases, proved their worth in the course of operation. To the extent that labor would have preferred and management would have been willing to abandon "fringe issue" practices for higher wage rates, the effect of NWLB policies would have been lessened. It meant, however, a better bargaining position for unions as a result of these fringe issues than would otherwise be the case, and the results have been apparent in an increase in both wages and fringe benefits.

Wartime controls of labor relations have also increased the number of individuals in the ranks of government, labor, and industry who have a knowledge of collective bargaining procedures and of administrative and economic aspects of public or private mediation and arbitration. The chances for the successful operation of any labor agencies or labor courts which may be created in the future are, therefore, enhanced. The experience gained from interagency relations during wartime will make it possible to secure a better adjustment of regional, state, and local jurisdictions and procedures of any administrative and court instrumentalities which may be modified or created.

## *How well does your business use its capital?*

# IMPROVING RETURN ON INVESTMENT IN YOUR BUSINESS

by  
Albert J. Bows

One of the most important aspects in the operation of a successful business is the *effective* use of its capital. Rate of return on investment not only measures the profitability of the company and is used for comparison of companies, but it also should be considered in determining profits of various divisions within a company (to be discussed later in this paper).

### RECENT RETURNS OF LARGE COMPANIES

Illustrative of the significance of the rate of return figure, is the fact that each year *Fortune* magazine surveys the results of operations of the five hundred largest companies in the country and reports the rate of return on shareholders' investment for each company.

The results for 1958, published in July 1959, indicated that the average return on invested capital of the five hundred largest companies declined from 11.6 per cent in 1957 to 9.1 per cent in 1958. The 1959 figures have not as yet come out. Specific illustrations of return on investment will be of interest, and the reader might use them for comparison with his own business.

The highest rate of return of the 500 companies was made by American Home Products Company, which earned \$42,000,000 on invested capital of \$127,000,000, or a rate of return of 33½ per cent. The second highest rate was made by another company in the drug industry, Smith, Kline & French, which earned \$21,000,000 on invested capital of \$63,000,000 for a 33.1 per cent return. Gillette was third with 32.4 per cent, and Revlon was fourth with 29.3 per cent.

As companies get larger, it becomes more difficult for them to make continually high rates of return on their capital. Of the fifty largest companies in terms of total assets, only three of them—General Electric, International Business Machines, and R. J. Reynolds Tobacco Co.—were in the first fifty in terms of earnings on invested capital. Du Pont, one of the earliest users of the return on investment con-

cept in its own business, made 13.7 per cent on its capital in 1958 and, while it was the eighth largest business in America in asset size, its earnings were in eighty-seventh place. In banking, most rates of return for 1958 were under 12 per cent, although a few banks, notably the Bank of America and The Franklin National Bank of Long Island, which has some special uses for its funds, had fairly high rates of return.

Transportation companies as a group had fairly low rates of return, with most of them being under seven per cent.

Merchandising firms as a group seemed to make roughly around 10 per cent to 12 per cent return on their invested capital, but one of them, Winn-Dixie, which has recently come into our area, made the highest rate of return of the fifty largest merchandising firms—23.6 per cent on its capital. It earned over \$12,000,000 in 1958 on invested capital of \$52,000,000.

#### STEPS TO IMPROVE RATE OF RETURN

What can be done to improve the rate of return? One approach is to try to cut down the amount of capital required in operations. Then more of the present capital is available for expansion or for acquiring companies, and the return to shareholders will thus improve. This is no easy route, but it is a procedure which each top financial man is in a position to investigate for possible use by his particular company.

Accounting literature is full of material on definitions of how to figure rate of return, so this paper will not dwell on this subject. If there can be an improvement in the rate of return on *gross assets* used in the business, there will be an improvement in the return on shareholders' investment. In most companies the assets which require a lot of capital are receivables, inventories, and properties. How can the use of capital in each of these three assets be cut down?

#### Reduce Capital Required in Receivables

Receivables are simple, and action in this category can frequently be taken by the financial men. Assume a company is billing \$2,000,000 a month and average terms are 30 days; but the days outstanding average 45, so receivables are roughly \$3,000,000. A reduction in the number of *days* outstanding will mean a reduction in capital. With \$3,000,000 in receivables, every day cut out means \$67,000 in capital saved. Some suggestions for reducing the time period for receivables are:

1. Watch billing procedures. Do bills go out on the same day of shipment? If not, what causes the delay? All billing procedures can be studied, and perhaps can be improved. Auditing can be performed after bills go out, not before. This step alone would mean a great improvement in time lag.

2. Use modern methods of preparing bills when

orders are taken so that there is no delay in billing when shipment finally takes place.

3. Department stores frequently send out monthly bills weeks after the billing date. This delay takes huge amounts of capital to finance, and procedures should be streamlined to get the bills out so that the cash comes in promptly. Perhaps a few errors in billing are well worth a substantial reduction in capital. It may be that large ticket items and commercial accounts should be billed separately.

4. Lock box and wire services offered by banks to save time in collecting receivables may save one or two days capital.

5. Sometimes there are large groups of customers who should be billed daily or weekly instead of monthly—thus speeding up the cash flow.

6. Shipments should be planned for smooth and uniform scheduling throughout the month to avoid month-end shipping peaks, which in turn can cause billing delays. Weekly quotas should be set for salesmen, so the big month-end push is eliminated.

7. When the sales department gives extra dating or terms in order to sell merchandise, does it figure the real cost of carrying these accounts at the time of sale? Management should be made aware of this cost so that the soundness of the decision to postpone payment can be determined.

8. Past due accounts should be followed up promptly. A few days may be saved.

#### In Inventories, Watch Gross Profit Dollars—Not Rate

The return on capital can be improved by getting either a larger profit margin or a faster inventory turnover. In merchandising companies there is too much stress on the gross profit percentage and not enough stress on dollars of gross profits. To illustrate this point, if a merchandising business has item "A" which sells for \$1.00 and has a gross profit of 30¢, it has a gross profit margin of 30 per cent. If this item sells five times a week, it produces gross profit dollars of \$1.50 a week for the company. Compare this with item "B" which also sells for \$1.00 and produces a gross profit of 50¢ or 50 per cent. But suppose B sells only twice a week; so it produces gross profit dollars of only \$1.00 per week. One of the most fundamental points to remember about return on investment on inventory is that the gross profit *rate* should not be the sole basis of making the business decision of adding inventory. The decision should be based on the gross profit rate and the *turnover* in order to judge the maximum profit to a company on given items in a given line for a specified length of time.

#### Turnover is Crucial

It is most important that financial men base their decisions regarding inventories in terms of the maximum amount to be made each week and each

month out of the inventories, facilities, and capital which are available. The textile industry does this by deciding which goods to make by estimating the profit per week per loom in the mill for a particular type of fabric. One fabric might run through the mill much faster than another. Items with low margins of profit but rapid turnover might be made, rather than high margin items. In deciding on product lines and in accepting orders, decisions should be based on turnover and profits per week—not just rate of profit. In textiles, mathematical techniques are being developed which will permit management to know the mill operating conditions during the week in which any particular order will be run so that the profitable order for that week can be accepted.

Similarly, in chain stores one item of canned goods which costs 25¢ may return gross profit of 3¢ a can every time it is sold. If that can sells one hundred times a week, it produces \$3.00 per week in profit. The next can, which also costs 25¢, produces only 1¢ gross profit; but, if it sells five hundred times a week and both of them take the same shelf space, obviously the 500-times-a-week can will produce the larger profit, and, *if necessary*, it should be stocked in place of the other. One thing all retailers today must watch is that, in their desire to improve profits, they don't utilize valuable space on so-called high profit items. They may find that high profit items do not produce the same profit contribution as a low margin item for a given amount of space.

### **Reduce Capital Required In Inventories**

How can this concept be applied to different inventory decisions with the idea of either reducing capital investment in inventory or improving turnover or rate of profit? Here are some possibilities:

1. *Set limits on the number of items in each line of inventory.* For example, suppose that in the rug business for a full line of rugs, fifteen staple patterns and fifteen highly styled patterns are needed. No matter what pressure comes from the sales force, the number of items in the line should be limited to thirty. In other words, every time a staple item is added, one should be taken off; and every time a style item is added, one should be taken off. Statistical studies indicate that one of the most frequent causes for a declining rate of return on investment is the insistence by sales forces in all kinds of businesses on constantly adding to lines to get larger volumes of sales. However, an analysis of sales will show that the large percentage of volume is usually done on a fairly constant number of items. Therefore, let competitors carry the odd sizes and long lines. Real study in every business is needed on size of line.

2. *Set maximum lead time (number of weeks' supply) necessary for all inventory or supplies*

*bought.* Frequently companies will buy excess quantities of inventory for small rebates or price concessions without considering the cost of the capital involved. The risk of obsolescence, the cost of storing the item, personal property taxes, insurance, interest, and handling can run as high as 20 per cent a year. By the setting of maximum weeks' supply by items, the company's financial personnel and purchasing department will be restrained from getting overemotional in their buying. This, undoubtedly, is one of the most common business mistakes, and it is caused by failure to consider the capital involved.

3. *Retailers need to watch carefully for the difference in cost in handling branded and nonbranded merchandise.* Most branded merchandise is heavily advertised, carefully packaged, protected on a quality basis, pays display cost, pays cooperative advertising, offers protection from price declines, has high turnover and, therefore, less markdowns. Frequently it can be merchandised with greater total profit than can unbranded lines that have larger initial profit margins. Studies in the retail field indicate that on many branded lines the gross margin can at times be reduced, with the store making more dollars of profit. This is turnover working for the company.

4. *Anything done to speed the turnover rate on the selling end of the business helps the rate of return on capital.* Packaging can help. Sardine sales were greatly increased when they were packaged in sixes. Giant size packages and combination deals pay because, with the same selling effort, more product is moved.

There are many other points to be considered in inventory reductions, such as the need for warehousing, methods and time required for distribution, and the need for better forecasting to reduce mistakes in producing the wrong items.

### **Reduce Capital Tied Up in Fixed Assets**

Good financial control of fixed assets can reduce capital. Some of the most apparent causes of excessive use of capital in fixed assets are the following:

1. Poor original forecasts of construction costs with resultant overruns in costs.

2. Delays in ordering equipment with the result that too much is ordered too late.

3. Failure to take care in getting facts on payout required to make equipment purchases or construction profitable.

4. Failure to forecast required time for new facilities to function properly. As auditors, we constantly see building projects overrun by 20 per cent to 30 per cent of original estimates, shopping centers failing to produce volume necessary to justify capital outlays, and equipment purchased and delivered long after competitors have the markets.

In this latter field, improvement can be made by



**Exhibit I**  
**PROFIT INCENTIVE**  
**EMPLOYMENT CONTRACT**  
**USING RETURN**  
**ON INVESTMENT**

			Jones V. P. Division A.	Smith V. P. Division B
Net profit before taxes			\$500,000	\$600,000
Charge for Capital used at 6%				
Average Monthly	A	B		
Receivables	\$1,000,000	\$1,000,000		
Inventories	1,500,000	3,000,000		
Plant (*)	2,500,000	3,000,000		
	\$5,000,000	\$7,000,000		
@ 6%	.06	.06		
	<u>\$ 300,000</u>	<u>\$ 420,000</u>	300,000	420,000
Base for computing bonus			<u>\$200,000</u>	<u>\$180,000</u>
Bonus at 10% (considering capital)			<u>\$ 20,000</u>	<u>\$ 18,000</u>
Bonus at 10% (without considering capital)			<u>\$ 50,000</u>	<u>\$ 60,000</u>
(*) Includes leased equipment.				

good planning and forecasting. The *minimum forecasting every business must plan on* is the length of time it takes to place orders and get deliveries on basic equipment. If it takes two years, for example, to get delivery on key equipment, results should be planned two years ahead or the wrong equipment will be there, or the ordered equipment will arrive at the wrong time.

On construction projects, one should be realistic. Allowance should be made for *delays*, for extras, and for contract changes. These should be in the original decision, and the funds needed for overruns should be planned. If a project can't stand a 30 per cent overrun in costs, the chances are it should be abandoned.

#### In Incentive Pay, Consider Capital Invested

In conclusion, perhaps the best way to improve the rate of return on investment is to develop incentive pay formulas which take into consideration the particular capital requirements of the business. Too many people are paid today on the basis of the profits developed by their own particular division of a business without considering the amount of capital which is invested in that part of the business. Once compensation is tied into the capital needed, key personnel will be careful in the use of that capital in receivables, inventory, and property. They will make better decisions in improving the rate of return of their portion of the total capital of the business.

To illustrate: Suppose a manufacturing business operates two plants, each earning \$500,000 a year after taxes. Plant "A" takes \$20,000,000 of capital to make the \$500,000, or a rate of return of 2½ per cent, because it must buy highly seasonal inventories early in the year and hold them throughout the year.

Plant "B" only takes \$10,000,000 to earn \$500,000, or a 5 per cent return on its investment. Any compensation arrangement which pays the men running A and B the same dollar amount of money, say 10 per cent of profits, or \$50,000, doesn't make sense. The fact of the matter is the man who runs the \$10,000,000 mill, B, is making twice the return the other man is and should receive more compensation.

In many lines of business in which people are paid on a profit bonus basis without any relation to return on capital, large inventory accumulations frequently will be found, because management is not penalized for the amount of capital that it takes to run the business.

If a profit-incentive plan based on capital is considered, plant managers (1) will not be as quick to ask for money for new equipment unless they are sure they can improve their return on investment by buying it, (2) will not make purchases of material unless they are sure it will improve their return, and (3) will watch carefully the giving of dated terms to customers to influence the sale of product, because the minute they add to the receivables that it takes to run their operation, they get a larger charge for capital. Exhibit I is a simple illustration that shows how such a plan might work.

#### SUMMARY OF CONCLUSIONS

In summary, an acceleration in the cash flow from receivables, a reduction in inventories, a better planning job on facilities, and, finally, payment of personnel on the basis of capital used will result in an improved capital return and more profit to the company.

# SURVEYS—Useful Tools For Industrial Development

by  
Charles D. Cunningham

Many communities in Georgia are relying on industrial surveys to assist them in obtaining new payrolls. Since chamber of commerce leaders, railroad development specialists, and others working in the industrial development field constantly use the results obtained from various types of surveys, it is well for the citizen to consider how they might help fill his community's needs.

Webster defines "survey" as "to view with a scrutinizing eye." If such a view is used to judge Georgia communities as possible plant location sites, the local inhabitants should attempt to gain that same perspective. For this purpose a number of different kinds of surveys are used. Initially an "economic base" study will give a picture of just exactly what makes the town tick, and how the economic wheels are presently turning. More advanced type studies may be called for to indicate possible patterns of future growth. Recommendations for new processes and methods of distribution will open new avenues to explore.

All such studies involve making an analysis of the community's resources—physical, economic, cultural—to obtain as complete a picture as possible of its attractiveness as a location for a new industry. These analyses can be as perfunctory or as exhaustive as business leaders feel necessary. Likewise, the expenditures in time and money can be large or small, depending on the community's needs and desires.

## THE NEED FOR A SURVEY

The initiative for a community-resources survey obviously must come from the community leaders. There are three distinct occasions which suggest the use of a resources survey by a community. The first is when a prospective new industry decides to locate in another town. A suitor's rejection is not as difficult to accept as the decision of a much sought-after plant to bypass one community in favor of another. At such times, community leaders are apt to consider a really introspective analysis of their shortcomings. Questions on their minds are: Where have we failed? What do we lack? At such stages a survey may be indicated.

Again, a town which is initially considering an attempt at economic expansion may well take its

first move by making an exhaustive study of its resources—a study of what has made it what it is today and what potential it has for further development. There will be some towns, it is true, which will tend to reverse the sequence and look for new industries before they know their potential for attracting them. *A hastily-created "committee of one hundred" going off in one hundred different directions to search for new industry makes little impression on the industry it is trying to find.* The committee's salesman needs much more than a colorful brochure and a smooth line to sell a product so broad and varied as a community.

A third case in which a survey may be needed is less obvious. There are occasions when community leaders need help in determining their relative position in the industrial expansion race. No one has yet devised a formula which states the optimum rate of growth for a community, it is true. Yet, if such a device existed, there would still be many who would feel that expansion efforts had fallen short of what was needed. A fact-finding survey would assist these groups in setting routes and objectives for their industrial development program.

## SOURCES OF HELP

Communities interested in industrial surveys may find help from several sources.

### Local Chamber of Commerce

The work of the local chamber of commerce is perhaps best known to the businessman. This organization likely includes in its program of work a continuing effort to attract new industry. The chamber of commerce manager has perhaps devised his own format for an industrial development program, based on the particular needs and attractions of the community. In all probability he has relied on technical assistance from the Chamber of Commerce of the United States, whose manual, *The Community Industrial Development Survey*, assists local organizations in answering these questions:

What do we have?

What do we need?

What do we lack?

What can we offer?

This manual covers 21 major headings, from "Size and Character of Community" through "Housing

Conditions," "Waste Disposal," and the like. A conscientious citizens' committee, sincerely interested in the answers to the questions, will find that no aspect of community life is left untouched in the process of completing this analysis.

#### Georgia State Chamber of Commerce

The State Chamber of Commerce is the one agency in Georgia which attempts to correlate industrial development efforts on the local and state level. Its representatives, with their knowledge of the state and its component parts, work closely with and help bring together local community leaders and industrial prospects. The State Chamber assists organized groups over the state in their expansion programs. A complete guidebook, *How to Get More Industry in Your Town, Georgia*, gives many hints for the operation of a successful program. Of prime consideration is the suggestion that a community first "determine what, if anything, you have to offer industry." In making this determination, an outline of basic information is called for in the "Community Data Summary." This summary data is maintained in the central files to give instant answers to requests for information from interested prospects.<sup>1</sup>

The task of keeping this information current quite naturally falls on the community agency which has assumed responsibility for the local industrial expansion program. It is all too easy for such a group to turn over this form to the local chamber of commerce manager. If, however, he is the only one in town who keeps up-to-date, the community will suffer. It is necessary that the leaders themselves, who are in a position to correct community shortcomings, be adequately informed.

#### Georgia Tech Industrial Development Program

Many Georgia business leaders are participating in industrial development workshops, with the help of the Georgia Tech Industrial Development Branch of the Engineering Experiment Station, whose comprehensive *Industrial Development Manual* is used as the basis for these training sessions and for a continuing program of economic expansion. In the section, "Auditing Your Resources," the manual calls for the listing of community assets and liabilities. Some very penetrating questions are asked. Consider these:

Do you have slums? If so, is an urban renewal project under way or under consideration?

How do local schools compare with State, regional, and U. S. figures on per cent of teachers with college degrees, teacher salaries, expenditures per pupil, etc.?

What long range plans does the city have for paving and maintaining streets?

What vocational training facilities exist in the community?

The answers to such questions cannot be found without considerable work and study. But the towns which give their economic expansion program more

than mere lip service will find here the basis for a far-reaching analysis which will be of lasting benefit.

#### U. S. Department of Commerce

Technical assistance from the U. S. Department of Commerce<sup>2</sup> will assist communities in pinpointing their industrial advantages. In addition, this department's work with many industrial prospects gives it an opportunity to bring together the community and the prospect. Through the Office of Area Development, "Community Information" questionnaires are collected and kept up to date. The information in the questionnaires, plus the "Individual Plant Data" forms giving up-to-date information on specific buildings available for industry, supplies the Area Development office with a fairly complete picture of the basic economic facts in a locality.

A more extensive survey recommended by this agency is detailed in its "Basic Industrial Location Factors" pamphlet. The subtitle, "Guide for Evaluating an Area's Resources for Industrial Development," indicates the scope of this work. The relative importance of various plant locational factors on particular manufacturing operations is charted. For example, the manner in which a ceramic tile manufacturer ranks the importance of fuel supplies and available labor will indicate to a community its attractiveness as a location for that particular type of manufacturing operation. An alert community group could determine its special attractions and thereby "pinpoint" its industrial prospects.

#### Professional Aid

At certain times a community approaches the point at which it requires outside professional assistance to obtain a completely objective analysis of its economic potentials. A professional economic survey team with no particular axe to grind will do a world of good in bringing needed facts to the attention of the community groups. The reputable consultants will let the chips fall where they may, and the town can be sure that a "scrutinizing" eye will be used in the process. A professional economic survey may well be the springboard from which the community launches its industrial future. In some instances professional aid can be partially financed through provisions of Section 701 of the Federal Housing Act.

Whatever stage a community is approaching in its economic expansion, there is a very good chance that one of the surveys described above will be of value. Many Georgia communities have been rewarded by their use, and the experience of some of these may benefit other localities as they examine their own resources.

<sup>1</sup> It is important that communities give as complete information as possible for the data summary.

<sup>2</sup> Inquiries concerning assistance from the U. S. Department of Commerce may be directed to the Atlanta Field Office, U. S. Department of Commerce, 604 Volunteer Bldg., Atlanta 3, Georgia.



# THE SOUTHEASTERN CORNER



by  
Warren A. Walker

The desirability of establishing additional wood particle board plants in the Southeast was discussed last month. Other possibilities of new or expanded wood-using industries are suggested in this article.

## INDUSTRY POTENTIALS IN THE SOUTH

### PART II

#### WOODPULP

At the present time production of woodpulp in Georgia, which approaches 2½ million tons annually, is already a major industry in the state, representing approximately ten per cent of the total production in the United States. This is an industry that has grown rapidly, and there is every reasonable expectation of substantial additional growth. It has been estimated that by 1965 national production will exceed 32 million tons. In order for Georgia even to retain its share of the market it will need to have production facilities for an additional 4,500 tons *daily*.

The Engineering Experiment Station of the Georgia Institute of Technology has prepared a map showing the location of present pulpmills and possible sites for future ones.<sup>1</sup> An analysis of this map indicates that of the ten existing plants, seven are tightly grouped along the coastal plain, and an eighth is in nearby Lowndes County. Of the other two, one is in Bibb County in the central part of Georgia, and the other is in Floyd County in the northwest corner of the state.

Several factors favor the establishment of new woodpulp plants rather than the additional expansion of existing ones: one, woodpulp plants should be reasonably close to their raw materials; another factor is that such plants require a great deal of water. It is a good practice not to overtax the water supply in any one locality. The map mentioned above shows seven additional points at which such plants could be located, meeting the requirements just named. The general areas suggested as possible sites center around the following counties: Morgan, Warren, Wilkinson, Macon, Troup, Quitman, and Clay.

1 Tze I. Chiang, *Potential Wood-Using Industries for Georgia*, Industrial Development Branch, Engineering Experiment Station, Georgia Institute of Technology, p. 51. Copies available on request from Georgia Department of Commerce.



## PAPERBOARD CONTAINERS

Another somewhat related type of new industry that has been inadequately developed in the Southeast is the production of paperboard containers. There are five plants of this type in Georgia, plus thirteen in other southeastern states. In spite of this density, the southeastern states are still in a net import position in regard to both folding paper boxes and food board.

To understand the reason for this, it is necessary to remember that three of the major industries in the Southeast, and Georgia in particular, are textiles, apparel, and food processing. These same three industries are among the heavy consumers of this type of containers.

Recently the Industrial Development Branch of the Georgia Institute of Technology prepared a study for the Georgia Department of Commerce that examined this problem in some detail.<sup>2</sup> This study points out that, although there is a heavy concentration of food and meat-packing activity in south Georgia, there are no container plants in this area. This is a type of industry that is normally heavily market-oriented. The market orientation depends not upon the population density, but upon the degree of industry concentration. This same portion of the state has substantial textile and apparel industries, and one plant could produce both types of containers. The study also points out that such a plant would have the advantage of several sources of raw material. There are a number of plants manufacturing bleached sulphate board within this general area.

## HARDBOARD

Hardboard, another product utilizing wood fibres, has also had inadequate development in the Southeast. This product differs from the wood particle board discussed last month in that the natural adhesive properties of the fibres themselves are the principal binding agent. In certain types of this product, other bonding materials are added in order to give it special properties.

Hardboard production has both a history of rapid growth and a strong potential for additional growth. Consumption in 1958 was seven times the 1939 figure. It has been estimated that by 1975 consumption will have increased to around three billion square feet annually as compared with approximately two billion at the present time.

Production of this product is now concentrated in Washington and Oregon, Mississippi being the only southeastern state having any substantial amount. Production of this type of product offers a valuable adjunct to other types of timber operations

because stands of inferior quality not suitable for lumbering can be utilized. It should be noted that, although wood residue can be utilized, it must be of the chip variety. Sawdust and shavings are not appropriate raw materials for hardboard production.

Hardboard is made in two types, tempered and untempered. The tempered variety is treated with various oils following the heat pressing. This type is generally used if greater strength is required or if resistance to water is a primary consideration. Both the tempered and the untempered types of board come in two finishes. One type of finish has one rough side and one smooth side. This is referred to in the trade as "screenback." The other type of finish is smooth on both sides. The choice of the two types depends upon the amount of board that is to be exposed in the ultimate use.

## THE GENERAL PROBLEM OF NEW INDUSTRIES

In the two articles of the series published to date, several industries have been considered—industries which possess potentialities for Georgia and in varying degrees for other southeastern states. In subsequent articles other industries will be suggested. The few already named are those that use or could use timber resources to advantage. The typical southern investor has tended to think in terms of lumber and naval stores. In recent years this has branched over to pulpwood to some extent, but mostly in a speculative sort of way.

There is no real need for this restricted orientation. Modern technology has made timber one of the most valuable natural resources of the southeastern states. It has one great advantage over mineral resources: it need not become depleted. Selective cutting and scientific reforestation make it possible for the same land to remain productive for generations yet unborn.

The proximity of raw materials is, and will continue to be, a major factor in the determination of plant location. The industries considered have raw materials in abundance near at hand.

Market orientation also will continue to be a major factor for the majority of industries in the determination of plant location. The industries considered here would be market-oriented. A proven market potential exists; only the productive facilities are lacking.

The benefits to be gained from new industries of this type are not confined to the economic sphere alone. There are sociological implications as well. The rural areas of practically every southeastern state are raising the questions: How can we stop the out-migration of our young people? What are we to do about our excess farm population? The solution of course is to offer attractive employment in the locality. The best and easiest way to do this is to establish industries which offer the fewest problems of raw materials, markets, and competition. The industries discussed thus far are only a few of the many that meet these requirements.

<sup>2</sup> J. R. Peterson, Paperboard Containers for the Food and Apparel Industry, Industrial Development Branch, Engineering Experiment Station, Georgia Institute of Technology. Copies may be obtained from the Georgia Department of Commerce on request.

# MARCH, 1960

## ATLANTA AREA ECONOMIC INDICATORS

Item	March 1960	February 1960	% Change	March 1959	% Change	% Change 3 months '60 over 3 months '59
<b>EMPLOYMENT</b>						
Job Insurance (Unemployment)						
Payments -----	\$507,499	\$385,485	+31.7	\$512,904	-1.5	-12.5
Job Insurance Claimants -----	8,023	7,414	+8.2	7,569	+6.0	-3.3*
Total Non-Ag. Employment -----	357,400	359,050r	-0.5	351,900r	+1.6	+3.1*
Manufacturing Employment -----	86,000	86,100	-0.1	86,550r	-0.6	+1.0*
Average Weekly Earnings,						
Factory Workers -----	\$72.22	\$79.72	-9.4	\$80.39r	-10.2	-1.7*
Average Weekly Hours,						
Factory Workers -----	35.4	38.7	-8.5	40.6r	-12.8	-5.7*
Index of Help Wanted Ads (Seasonally adjusted, 1947-49 Avg.=100) -----	152.0	169.1	-10.1	167.8	-9.4	+6.2
<b>CONSTRUCTION</b>						
Number of Building Permits§ -----	685	614	+11.6	959	-28.6	-15.5
Value of Building Permits§ -----	\$7,820,919	\$4,453,632	+75.6	\$8,344,484	-6.3	-46.4
Employees -----	18,100	19,250	-6.0	20,450r	-11.5	-9.3*
<b>FINANCIAL▲</b>						
Bank Debits (Millions) -----	\$2,068.7	\$1,982.7	+4.3	\$1,983.5	+4.3	+8.6
Bank Deposits (Millions) -----	\$1,231.9	\$1,253.3	-1.7	\$1,216.3	+1.3	+1.9**
<b>OTHER</b>						
Department Store Sales Index ---	160	169r	-5.3	155	+3.2	+5.6¶
Retail Food Price Index -----	115.0	114.1	+0.8	114.9	+0.1	-0.9**
Number of Telephones in						
Service -----	366,609	365,019	+0.4	331,175	+10.7	+11.3**
Consumer Price Index -----	126.7	126.4	+0.2	124.3	+1.9	+1.9

r—Revised

§City of Atlanta only.

\*Average month

N. A.—Not Available

\*\*End of period

¶—Based on retail dollar amounts

▲Data from members of the Federal Reserve System only.

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Postal data: Atlanta Post Office; Retail Food Price Index: U. S. Department of Labor; Department Store Sales Index: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.

# ATLANTA BUSINESS ACTIVITY

## THE FIRST QUARTER OF 1960

The Atlanta Area's employment picture during the first quarter of this year, though showing some month-to-month declines since January, appears to be healthy in most respects. Construction employment is the only major group evidencing a decline. This is, of course, due to the general reduction of building activity in the Atlanta Area.

The Metropolitan Area started the year with an all-time record of 361,000 non-agricultural jobs in January. By March this figure had withered to 357,400. Yet, when the quarterly total is compared with the first quarter of 1959, a three per cent increase is seen. This is slightly higher than the typical yearly increase in jobs for Atlanta, which has been running around one to two per cent. It also parallels the national trend for the same period. Actually, this area showed up better than the average for the rest of the country in employment growth from the fourth quarter of 1959. Employment was off two per cent nationally, whereas the Atlanta area with an average of about 359,000 jobs in each of the quarters at least held even.

Manufacturing employment experienced the same monthly shrinkage as did total employment during the three months of the quarter and bettered last year's comparable figure by only one per cent, whereas jobs in manufacturing nationally were up four per cent. The quarter did, however, see a more than seasonal three per cent increase over the last quarter of 1959, while the nation as a whole experienced slightly more than a one per cent gain.

The unemployment picture when viewed as a quarterly total has certainly been one of the brighter spots. Payments to unemployed claimants are 12 per cent less than the first quarter of 1959, and the number of claimants receiving compensation has declined over three per cent from the same period.

Despite this favorable unemployment trend, the average number of hours worked per week by fac-

tory workers in the Atlanta area is down nearly *six per cent* over last year, while nationally the average has declined less than one per cent. In addition, the weekly dollars received by these factory workers are two per cent less than last year. The figures, however, are averages of all manufacturing types and easily can become distorted by the decline of employment in one large high-wage concern, like Lockheed Aircraft's Georgia Division.

The value of building permits issued by the City of Atlanta Inspector of Buildings, which represents a fair measure of future construction activity in the area, still shows construction to be in a relative slump. Even though the quarter's total of \$19.8 million is 10 per cent greater than the fourth quarter of 1959, it is 46 per cent *less* than the total for the first quarter of that year, which (due to seasonal variation) is a more meaningful comparison. Even the apparent brightening caused by the March figure of \$7.8 million, representing a 76 per cent increase over February, loses its lustre when compared to March a year ago.

The number of permits, despite a steady monthly increase since January, is running 16 per cent less than last year. The behavior of the number of permits series is probably not as significant as that of the value of permits since in computing the number, a residential garage, for example, is counted the same as an office building.

Bank debits, a good indicator of spending in the Atlanta Area, reached a record high of \$2.3 billion in December of last year (always a high month) then drifted down two per cent during the first quarter of 1960 under the fourth quarter of 1959. However, this is somewhat less than the seasonal drop expected (usually 8-10 per cent) and actually represents a gain for the period. Deposits have followed the same pattern.

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### RESEARCH PAPER NUMBER 16

#### **The Relationship of the Salesman's Wife to the Salesman's Selling Performance**

... by David J. Schwartz

31 + iv pp., 8½ x 11 in.

(Price—50 cents plus 2 cents sales tax in Ga.)

One hundred and twenty-five sales executives in the Atlanta area responded to a questionnaire asking pertinent information as to the role and influence of the salesman's wife in her husband's success in his selling career. Among these questions were: (1) "Do you interview wives of sales applicants?" (2) "Do you attempt in any way to win greater enthusiasm and cooperation from the salesman's wife toward his selling career?" and (3) "Do you have any suggestions you would like to pass on to other sales executives for helping salesmen become more productive working through the salesman's wife?"

Dr. Schwartz is Professor of Marketing, School of Business Administration of Georgia State College of Business Administration.

### RESEARCH PAPER NUMBER 17

#### **Public Relations in Secondary-School Business Education:**

##### **Part I: The Nature and Scope of Current Activities and Media; A Public Relations Checklist for Business Educators**

... by Calfrey C. Calhoun

56 + viii pp., 8½ x 11 in.

This is the first paper of a study-series on the subject of public relations efforts of business education personnel in secondary schools. The author

has made an extensive study of current public relations activities of high-school business education teachers and has formulated a checklist of such activities. From this list it is believed a determination can be made of those media of business-education public relations which are not only theoretically feasible but are practically possible and profitable.

Mr. Calhoun is Assistant Professor of Business Education, School of Business Administration of Georgia State College of Business Administration.

### BULLETIN NUMBER 6

#### **STUDIES IN BUSINESS AND ECONOMICS**

##### **Recent Proxy Contests: A Study in Management-Stockholder Relations**

... by Leland C. Whetten

80 + viii pp., 6 x 9 in.

Dr. Whetten's monograph is an inquiry into the field of proxy contests, a great number of which have taken place in recent years. His analysis shows the variety and relationship of the forces at work which culminate in such contests and relates these forces to "fundamental trends underway in American business corporations which affect their relations with stockholders."

Among the topics discussed are: trends that have affected corporation control, types and causes of contests, techniques of contestants, "Blueprint for a Contest," the roles of holding companies and investment trusts, and the corporate management itself.

Dr. Whetten is Professor of Accounting, School of Business Administration of Georgia State College of Business Administration.

*For copies of the studies named above, send requests to the Bureau of Business and Economic Research, School of Business Administration of Georgia State College of Business Administration, 33 Gilmer Street, S. E., Atlanta 3, Georgia. Single copies available without charge except for Research Paper Number 16 as noted above.*